



**MINUTES  
CITY COUNCIL WORK SESSION  
August 18, 2020**

**CALL TO ORDER**

The meeting was called to order at 5:30 pm.

**Present:** Mayor: Charlie Miner; Council: Tom Skjaret, Jahn Dyvik, Michelle Jerde, and Deirdre Kvale

**Staff Present:** City Administrator: Scott Weske; Director of Public Works: Sean Diercks; Fire Chief James Van Eyll

**Absent:** None

**PLEDGE OF ALLEGIANCE**

**APPROVE AGENDA**

*A motion was made by Dyvik, seconded by Skjaret, to approve the agenda as presented. Roll Call Vote - Ayes: all.*

**OPEN CORRESPONDENCE**

No one was in attendance to address the City Council during Open Correspondence.

**BUSINESS ITEMS**

**Continued Discussion of Preliminary 2021 Budget and Levy**

City Administrator Weske explained the information he had included in the meeting packet for discussion surrounding the preliminary 2021 budget and levy. He noted that after the August 4, 2020 meeting, he took a closer look at the budget to see where they may be some opportunities to try to get some of the items on the right path. He stated that he understands that the Council doesn't necessarily want to raise the tax rate, but he does feel like this is the time the City needs to capture some of the tax capacity that has increased. He gave a brief overview of the options to adjust the budget and levy for 2021, such as creating a Pavement Management Fund and approving franchise fees.

Council member Kvale stated that she feels the City's expenses seem high, and gave examples of a \$14,000 increase in medical insurance, \$5,000 for the police contract, and another increase for salaries. She stated that she would like to know what is happening that the City has about a \$134,000 increase in expenses. She stated that she is concerned about raising taxes during a year when people are already struggling, and indicated that she would prefer to limit how much of a tax burden the City has on the residents.

City Administrator Weske stated that the City is not raising taxes and the tax rate is staying the same.

Council member Kvale stated that somebody will be paying more because the budget is about \$134,000 higher than last year, which means somebody's taxes are going up.

City Administrator Weske explained that the city's portion of taxes would be going up on houses that increased in value.

Council member Kvale argued that would mean somebody will be paying more money to the City. She stated that she needs a justification for why the City is collecting all this extra money when there is \$2.1 million sitting in capital funds and the City doesn't really need to levy for the 2013 bond payment because there is already money in that fund to pay for it. She asked for an explanation of what expenses were increasing.

City Administrator Weske explained that the General Fund only has about a \$50,000 surplus. He explained that a Pavement Management Plan won't work unless it is funded. He stated that the proposed budget is a way to get the City started on pavement management improvements. He explained that the City has \$2 million and \$12 million worth of roads that need to be repaired.

Council member Kvale expressed her opinion that this is not the year to tax people more, even though the rate is staying the same. She stated that she thought past discussion by the Council was to go a little more slowly and put off some of the projects. She added that the City is also considering a franchise fee which also means people will be paying more money. She asked if most of the around \$134,000 increase in the budget was all for the pavement management plan.

City Administrator Weske gave a breakdown of the preliminary budget figures and noted that \$69,500 was for the Pavement Management Plan and \$18,000 for the non-levied debt service.

Council member Dyvik noted that he believed that Council member Kvale is asking for what specific City expenses have gone up. He noted that the City has new staff positions over the last year that also contributes to the increased budget.

City Administrator Weske stated that he was able to keep the expense increases between last year to this year in about the \$12,000 range. He explained that the City has kept the expenses under control but explained that there are other needs for the cash, such as paying for roads.

Council member Kvale expressed concern about the City banking a surplus for the roads in a time when the economy is not doing well due to the pandemic. She stated that by her calculations there are about \$30,000 in increased expenses and the tax levy increases the surplus to about \$137,000.

City Administrator Weske noted that the General Fund may have a surplus based on the City being conservative over the last few months because of COVID-19, but it will not make up for the projected \$140,000 loss in the utility fund.

Council member Kvale stated that she would like to see the City cover their expenses and only have a small cushion, not a large cushion in reserves.

City Administrator Weske noted that the rule is to keep 50% of your next year's budget in cash on hand.

Council member Skjaret noted that if the City had been doing small amounts of increases for the last few years, the City would not be in the situation they are now having no money to be able to fix its roads. He stated that he doesn't think the City is being unempathetic to individuals that are struggling financially but is simply trying to keep its head above water and not compromise the independence of the City.

City Administrator Weske noted that there will never be a golden time to raise the tax rate or capture the value of appreciation and inflation.

Council member Dyvik stated that he supports keeping the tax rate the same as presented by City Administrator Weske and the City putting some of the excess or surplus into the Pavement Management Plan as well as the cell tower funds as proposed. He stated that he likes that this gives the City good seed money in this account so they can tackle some road projects.

Council member Skjaret stated that he doesn't think the City can continue to delay this type of thing. He noted that the road improvement stuff has been delayed for his entire 12 years he has been involved in City business. He indicated that the City needs to get input from the community on how they should go about funding these road projects, whether it is a franchise fee, a levy increase or a combination of methods.

Council member Dyvik noted that he is in favor of options 1-5 and keeping a flat tax rate.

The Council discussed using a combination of surplus funds, franchise fees and a levy increase.

Council member Skjaret reiterated that he is curious to see what comes out of the public hearing, but the money will need to come from somewhere. He stated that the City will need to either fund the road projects via franchise fees, a levy increase, or a combination of the two.

Council member Jerde stated that she agreed with Council member Skjaret and stated that the City cannot just continue to put things off.

City Administrator Weske gave an overview of the timeline for approval of the levy and budget. He noted that the City has been running on a shoestring budget since 2008 and he thinks the City needs to start looking at prioritizing its needs with the understanding that they will not be able to make everyone happy. He stated that what they can do is try to make the community look inviting and welcoming for everyone that is currently in the City.

The Council discussed the water and sewer operating expenses and possible rate increases as well as allocation of staff time in these areas. They noted that the biggest draw on the Sewer Funds is the Metropolitan Council expense.

Public Works Director Diercks stated that he agrees with City Administrator Weske that the City needs to look at this issue and make some changes, or the City will be broke.

Mayor Miner noted that the Virtual Open House to discuss franchise fee implementation is next Wednesday, August 26, 2020 with the public hearing to follow on September 1. He stated that he is hopeful the City will get some feedback from residents as to how they would like to pay for some of the things in the City.

## **OTHER BUSINESS**

Mayor Miner asked Chief Van Eyll for an update on when the Council may be able to go back to meeting in person.

Chief Van Eyll stated that the Council can meet in person, however, it would need to be socially distanced and the number of people present would need to be limited, which would make it very difficult. He stated that the Council Chambers is not large enough to be able to socially distance the number of people that would need to be present in order to hold in person meetings.

**ADJOURN**

*Mayor Miner adjourned the meeting by general consent at 6:26 pm.*

Respectfully submitted,

Scott Weske  
City Administrator